

**USAID/Brazil**

**Annual Report**

**FY 2004**

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## **Brazil**

### **Performance:**

In November of 2002, Luis Inacio Lula da Silva was elected President of Brazil with an unprecedented 60% of the popular vote and a resounding mandate to fight poverty, create new jobs, and expand social sector programs. During the first year of his Presidency, considerable progress was made in stabilizing the economy -- inflation is under control, interest rates are beginning to fall, and investor confidence is on the rise. Likewise, several programs were launched to address hunger, unemployment, and needed improvements to Brazil's health care and education systems. However, the long-term effectiveness of these measures, particularly in the social sector, is still in question.

Brazil entered the millennium as the 9th ranked economy in the world; today it ranks much lower as a result of a relatively stagnant economy. Heavy foreign debt remains a serious constraint to productive government spending, crime has grown dramatically, and unemployment stands at 12.9% nationally and as high as 18% in some major cities. Moreover, Brazil's income distribution continues to be among the world's worst. Approximately 15% of the population is illiterate, up to 20 million Brazilian's lack access to reliable energy, and an estimated 53 million people (one third of the population) live below the international poverty line. Brazil is also home to nearly 60% of all HIV/AIDS in South America and the majority of its malaria cases, and is a high-burden tuberculosis country. Finally, environmental degradation continues at an alarming rate (25,000 square kilometers in 2003, a 40% increase over the previous period), with increased pressure to look towards the Amazon for the resources needed to generate economic growth and employment.

It is important to recognize, however, that the Government of Brazil (GOB) has been extremely effective in implementing the kinds of fiscal and monetary policies required to eventually turn the tide on the difficult socio-economic challenges it faces today. Likewise, there is a clear commitment within the GOB and Brazilian civil society to address the global issues reflected in the USAID strategy. In that regard, the Mission has developed a number of productive partnerships that are making significant contributions to the protection of Brazil's environment and unique biodiversity; reduction in greenhouse gas emissions and the promotion of alternative energy and energy efficiency; halting the spread of HIV/AIDS and other contagious diseases; poverty alleviation and combating the trafficking and sexual exploitation of youth; and promoting free trade and SME trade-led growth.

The most important challenge that USAID/Brazil has addressed has been the difficulty of achieving concrete, sustainable results with a relatively modest budget, given Brazil's sheer size and the magnitude of its development requirements. The Mission has succeeded in this regard by concentrating in the geographic areas of most need and on interventions that strengthen and expand the capacity of NGOs and local communities. USAID/Brazil has showcased pilot activities that develop new methodologies and have the potential to be replicated by others, and encouraged consortia and alliances that leverage additional participation and funding. Key USAID/Brazil achievements for the reporting period include:

#### **Environment and Protection of Brazil's Biodiversity:**

USAID/Brazil's Environment Program addresses two major issues of global environmental concern: forest and biodiversity loss and global climate change. Activities are concentrated in the Amazon region, and the Atlantic Forest and Cerrado-Pantanal biomes.

In FY 2003, the USAID/Brazil Environment program dramatically exceeded training and information dissemination targets. Practically all of the over 2,000 individuals trained in natural forest management in the Amazon to date received hands-on instruction from USAID partners. Training videos, articles in

Brazilian newspapers, written brochures, downloaded PDF files, and exhibits spread the word about biodiversity conservation and sustainable forest management. The recent "forest facts" publication prepared by one of USAID's partners had over 2,000 downloads even before it reached print. A multi-media exhibit on forest conservation and sustainable use prepared by Caterpillar/Brazil reached over 100,000 Brazilian school children.

USAID/Brazil partners have been the principal intellectual weight behind formulation of Brazil's National Forest Program, stimulating public debate on options ranging from establishment of vast new areas of concession-based production forests in the Amazon to timber management on family-controlled forest plots in settlement areas. USAID facilitated exchange visits of key GOB forest officials to view experiences in forest land management and "forest transparency" - the proper balance between carrot and stick to convert Amazon forest operations into licit, sustainable enterprises.

Effective protection of Brazil's biodiversity in parks and private reserves requires cultivation of public-private partnerships. USAID partners have been able to convince private land owners to assume their share of responsibility for conserving Brazil's biological diversity. A new Brazilian environmental NGO competed for and obtained a GDA grant to link official protected areas in the Atlantic Forest region with forest reserves on private land, contributing a 5:1 match provided by the Brazilian pulp and paper industry. A one million dollar private donation from a U.S. donor, negotiated through a USAID partner, allowed Mato Grosso do Sul State to purchase land to establish the first state-level park in Brazil's Pantanal wetland, the world's largest. USAID

Environment Program partners leveraged 241.86% of USAID's budget amount in counterpart contributions and 32% in non-USAID funds, totaling 84 partnerships.

#### Global Climate Change and the Promotion of Renewable Energy and Energy Efficiency:

USAID/Brazil's energy program primary goal is to reduce green house gases with the development of clean energy production through renewable resources such as biomass fuels, solar and wind power, and small-scale hydropower plants.

In FY 2003, the USAID/Brazil Energy SO was able to secure continued GOB financial and political commitments for the Brazil Renewable Energy Program, which was reported in 2002 as a key program achievement. This government program, which among other things guarantees the government purchase of 3,300 megawatts of renewable energy in calendar year 2004, provides an effective incentive to alternative energy investors. It was designed and launched as a result of USAID/Brazil technical assistance. In addition, the "productive energy" concept was introduced into Brazil's universal energy services program, ensuring a sustainable cost-recovery system as opposed to free services. The USAID-funded Brazilian Renewable Energy Non-Governmental Organization Network (RENOVE) was also further strengthened, and invited to participate on Legislative and Executive Branch energy policy-making committees. Also noteworthy, Brazil joined the USAID-sponsored Global Village Energy Partnership initiative, which focuses on expanding access to energy services in underserved areas as a means to reduce poverty and promote community development.

The Energy Program was also able to leverage over \$10 million of non-USAID funds for renewable energy and energy efficiency projects during FY 2003. The program trained over 500 professionals in renewable energy technologies and energy efficiency, and contributed to the development of 62 small hydro plants and 35 wind farms; over 75% of the energy efficiency companies (ESCOs) operating in Brazil received training and technical assistance through the USAID program. Over the past five years, USAID-supported ESCOs have designed and implemented over 200 energy efficiency projects across Brazil, with an estimated investment of \$15 million.

In FY 2003, USAID partnered with U.S.-based renewable energy equipment suppliers and local NGOs to implement a number of innovative pilot projects including two solar-powered community centers delivering wireless internet connections to remote villages; a solar-powered ice-making facility serving an isolated fishing community; solar-powered fruit dryers benefiting poor communities along Brazil's Northeastern coast; and two solar-powered micro-irrigation projects for small farmers in the state of Bahia. In addition, USAID/Brazil entered into partnerships with the Bahia State Energy Utility to install

9,000 rural solar energy systems, and with the state of Ceara to provide renewable energy services to an estimated 30,000 rural households.

Finally, in 2003 USAID/Brazil successfully conducted a full and open competition that resulted in two new partnerships for the implementation of the Mission's 2003-2008 energy strategy.

#### Combating the Spread of HIV/AIDS and Tuberculosis:

USAID/Brazil's health strategy aims at reducing the transmission of selected communicable diseases in target areas, with an emphasis on enhanced HIV/AIDS prevention activities and the expansion of tuberculosis (TB) control programs to selected geographic areas in Brazil.

In 2003, USAID/Brazil continued to strengthen its policy dialogue with the Brazilian Ministry of Health (MOH) on HIV/AIDS prevention and TB control issues. As a result of this close interaction, the Mission began implementing a new HIV/AIDS prevention strategy for FY 2003-2008 that was fully endorsed by the MOH, and reflected in-depth consultations with the non-governmental and civil society organizations engaged in the sector. The new strategy builds upon successes to date such as condom social marketing and outreach to high prevalence and vulnerable groups through USAID-funded Brazilian NGOs.

USAID's implementing partners in social marketing sold 74.4 million condoms in 2003 equally what they did last year despite the economic sluggishness in the Brazilian economy. USAID built on existing relationships with local NGOs to further expand condom distribution to marginalized and vulnerable groups. USAID resources were also used effectively to strengthen the capacity of state and municipal TB programs to expand Directly Observed Therapy Short-course (DOTS), the World Health Organization recommended TB treatment, and better reach their target populations; to refine and implement research protocols to strengthen the country's HIV and TB surveillance systems; and to provide technical assistance to the NGO community in accessing assistance under the new Community Reach cooperative agreement mechanism.

The Mission also supported 18 Brazilian NGOs via its social marketing project, which were instrumental both in increasing condom access and in educating Brazilians in high risk groups on how they can avoid contracting HIV. In addition, USAID/Brazil increased cooperation among NGOs working in HIV/AIDS by supporting the development of an NGO database, while publishing an NGO directory and a book addressing legal issues faced by Brazilian HIV/AIDS NGOs. The Mission also supported an innovative program implemented by the Population Council that focused on the 700 truck drivers that pass through the highly transited Brazil/Argentina/Paraguay border area.

In TB control, close collaboration between the Mission and the MOH's National TB Control Program helped establish TB treatment as a national priority, and resulted in a multi-lateral mobilization campaign headed by the MOH and supported by USAID, the Pan-American Health Organization (PAHO), the Centers for Disease Control (CDC), and the International Union against Tuberculosis and Lung Disease. This success was the direct result of aggressive DOTS advocacy efforts on the part of USAID/Brazil and its program-funded partners.

#### Assistance to At-Risk Youth:

USAID's At-Risk Youth Program is aimed at assisting disadvantaged children and youth to become productive and healthy members of society.

During the past year, the Mission supported successful, locally-developed models to prevent the worst forms of child labor in urban areas. USAID/Brazil's investment contributed to the consolidation of the national school scholarship program (Bolsa Escola), which provides small stipends to poor families to keep their children in school and ensure that they receive regular preventive health care, and produced an innovative model of evaluating the effectiveness of governmental compensatory programs targeting poor families. The expertise acquired by USAID's grantee during this process resulted in a successful

application to implement the NGO side of a Department of Labor (DOL) \$5 million, time-bound program to eradicate child labor in Brazil. USAID/Brazil is proud to close out its child labor eradication program with outstanding results and the assurance that activities will continue to receive USG support through DOL.

The Mission also continued to support a number of youth activities in FY2003 designed to prevent the spread of HIV/AIDS. Taking advantage of the cultural and language ties between Brazil and Mozambique, USAID/Brazil promoted an exchange between Brazilian and Mozambican youth that developed peer education activities designed to enhance HIV/AIDS prevention. This exchange confirmed the potential and feasibility of North-South-South cooperation, and contributed to the development of a number of innovative "peer-to-peer" interventions that will be employed in Brazil and in Mozambique to promote positive behavior change. In addition, USAID/Brazil was able to impact the quality of assistance to AIDS orphans in northeastern Brazil, providing training to professionals delivering community and hospital-based care to children affected by the HIV/AIDS epidemic.

Under the Mission's Trafficking in Persons (TIP) program, year 2003 results included the full implementation of the USAID-supported national Program for Integrated Action in Combating Trafficking and Sexual Violence against Children and Youth. Local networks and operating plans were developed in seven target municipalities where denouncements of TIP and sexual exploitation were on the rise. Participatory workshops reached a total of 1,200 professionals from diverse governmental and social service organizations who will develop work plans to curb TIP and provide assistance to victims. USAID-supported activities also resulted in increased Brazilian and Venezuelan Federal Police control over the transportation of underage girls across the border.

Also noteworthy, over 6,600 youths benefited from USAID-supported vocational training activities in 2003. Of these, 49% addressed Information and Communication Technology (ICT) and digital inclusion, responding to USAID's new strategic focus. USAID also entered into a successful public-private partnership with the GOB and local companies to pilot an ICT training course for 50 disadvantaged youth and is providing computer access and literacy skills to another 300 impoverished children. USAID's \$400,000 investment has leveraged approximately another \$400,000 in partner contributions. Finally, USAID/Brazil contributed to the elaboration of the Lula Administration's official policy on youth employment in collaboration with the ILO and The World Bank.

#### SME Growth, Trade and Poverty Reduction:

The Mission launched efforts in FY 2003 to promote a factual public debate on the benefits of free trade and discuss Free Trade Area of the Americas (FTAA) negotiations through seminars conducted in six major industrial cities, using expert speakers, and designing activities to stimulate supportive dialogue between GOB officials and private sector opinion makers. USAID Brazil worked with a U.S. contractor and the LAC Bureau to forge partnerships with several local institutions, including the American Chamber of Commerce in Brazil and various industrial federations at the State level. In addition, a group of prominent journalists was sent to Mexico for an objective assessment of the North American Free Trade Agreement (NAFTA) experience, and three highly-placed advisors to the Minister of Agriculture were sent to Mexico for objective discussions on the impact of NAFTA on the Mexican agricultural sector. The Mission is also laid the groundwork for a trip in early 2004 that will send members of the Brazilian Congress for trade-related discussions with their U.S. counterparts.

Beyond the results achieved thus far in support of the FTAA negotiations, the Mission finalized a strategy amendment in FY2003 for a new Strategic Objective to

Likewise, poverty alleviation components under the Mission's new 2003-2008 environmental and social safety net programs will track the gender of beneficiaries and work to ensure that the needs of female heads of households are being properly addressed. The Mission also strives to achieve an appropriate gender balance in all Mission-funded training activities.

**Country Close and Graduation:**

N/A



## **Results Framework**

### **512-001 Environmentally and Socio-Economically Sustainable Alternatives for Sound Land Use Adopted Beyond Target Areas**

#### **SO Level Indicator(s):**

1. Number of forest sites that adopt aspects of sustainable forest management techniques in addition to target operations
2. Number of conservation units in which government or private owners adopt aspects of sustainable management systems in addition to target areas
3. Number of families outside target area who have adopted improved sustainable management systems

**IR 1.1** Systems for sound land use identified, promoted and adopted in target areas

**IR 1.2** Target institutions and local human capacity strengthened

**IR 1.3** Target policies adopted and/or implemented that support environmentally sound land use adopted and/or implemented

**IR 1.4** Sound land use systems disseminated beyond target areas

### **512-002 Increased Adoption by Key Actors of Concepts, Methods, and Technologies for Clean and Efficient Energy Production and Use**

#### **SO Level Indicator(s):**

1. Incorporation of concepts, methods and technologies for clean and efficient energy production and use in the operations of key actors.

**IR 2.1** Targeted policies promoted that foster clean and efficient energy production and use

**IR 2.2** Increased access of key actors to information on market-based mechanisms for operating and financing clean and efficient energy production and use

**IR 2.3** Increased availability and use of financing for clean and efficient energy production and use

**IR 2.4** Increased technology cooperation between U.S. and Brazilian firms for clean and efficient energy production and use

### **512-003 Increased Effective Programs to Prevent HIV Transmission and Control Tuberculosis**

#### **SO Level Indicator(s):**

1. HIV seroprevalence among 15-24 year olds
2. Incidence of HIV/AIDS among groups at increased risk in targeted areas
3. Incidence of active TB in targeted areas

**IR 3.1** Improved HIV/STI prevention and care among groups at increased risk in targeted areas

**IR 3.2** Strengthened health system capacity to implement DOTS

### **512-005 Improved Ability of At-Risk and Working Children to become Productive, Healthy Citizens**

#### **SO Level Indicator(s):**

1. Percentage of program-assisted youth that find legitimate, income-generating work
2. Number of program-assisted youths that receive health-related services
3. Percentage of under-age working children removed from labor situations and attending school

**IR 5.1** Society engaged in decreasing violence against youth

**IR 5.2** Educational preparation of program-assisted youth increased

**IR 5.3** Awareness of health-related risk behavior by program-assisted youth increased

**IR 5.4** Urban under-age working children identified and incorporated into the educational system

**IR 5.5** Dissemination and adoption of lessons learned and successful approaches

### **512-007 Transmission of Selected Communicable Diseases Reduced in Target Areas**

#### **SO Level Indicator(s):**

1. HIV seroprevalence in pregnant women aged 15-24 (disaggregated to 15-19 and 20-24 age groups)
2. HIV seroprevalence among commercial sex workers, males who have sex with males, and

injecting drug users

**IR 7.1** Increased use of HIV/STI prevention and care practices among high-prevalence groups

**IR 7.2** Increased use of DOTS services

**512-008 Natural Ecosystems Sustained**

**SO Level Indicator(s):**

1. Decreased forest disturbance in frontier areas

**IR 8.1** Sound forest management practices improved

**IR 8.2** Markets for environmental goods and services developed to provide tangible economic benefits for poor communities

**IR 8.3** Integrated landscape mosaics that sustain environmental and socioeconomic benefits incorporated into government planning and policies

**512-009 Global Climate Change Mitigated Through Renewable Energy and Energy Conservation**

**SO Level Indicator(s):**

1. Number of people that adopt new practices that reduce greenhouse gas emissions

**IR 9.1** Improved policy and regulatory framework promoting renewable energy and energy efficiency

**IR 9.2** Increased technology cooperation and transfer between U.S. and Brazilian firms to support clean and efficient energy production and use

**IR 9.3** Market development for renewable energy and energy efficiency

**512-010 Access to Training and Employability Skills and Opportunities Increased for Disadvantaged Youth**

**SO Level Indicator(s):**

1. Decreased unemployment rates among program-assisted youth

2. Increased amount leveraged from the private sector for youth training and employment programs

**IR 10.1** Increased marketable skills training for at-risk youth

**IR 10.2** Increased access of at-risk youth to formal market employment opportunities

**IR 10.3** Improved policies and programs to curb trafficking in persons

**512-011 Increased Economic Opportunities for Trade Led Small and Medium Enterprise Growth and Poverty Reduction**

**SO Level Indicator(s):**

1. Number of jobs sustained/created

**IR 11.1** Small and medium-sized enterprise growth and employment

**IR 11.2** Promotion of the Free Trade Area of the Americas

**IR 11.3** Social safety net support